

Budget
Recommendations



THE INDEPENDENT BUDGET

for the Department of Veterans Affairs

Fiscal Years
2019
and
2020



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for the Department of Veterans Affairs



Budget Recommendations for FY 2019 and FY 2020

Introduction

For more than 30 years, the co-authors of *The Independent Budget*—DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars (VFW)—have presented our budget and policy recommendations to Congress and the Administration. Our recommendations are meant to inform Congress and the Administration of the needs of our members and all veterans and to offer substantive solutions to address the many health care and benefits challenges they face. This budget report serves as our benchmark for properly funding the Department of Veterans Affairs (VA) to ensure the delivery of timely, quality health care and accurate and appropriate benefits.

The Independent Budget veterans' service organizations (IBVSOs) recognize that Congress and the Administration continue to face immense pressure to reduce federal spending. However, we believe that the ever-growing demand for health care and benefits, particularly with more health care being provided in the community and purchased by VA, certainly validates the continued need for sufficient funding. We understand that VA has fared better than most federal agencies in budget proposals and appropriations, but the real measure should be how well the funding matches the demand for veterans' benefits and services.

We appreciate that Congress remains committed to doing the right thing and has continued to provide increases in appropriations dollars. However, the serious access problems in the health care system identified in 2014, and the continued pressure being placed on the claims processing system, raise serious questions about the adequacy of resources being provided and how VA chooses to spend these resources.

The IBVSOs are jointly releasing this report on the budget for VA and our projections for VA's funding needs across all programs. In submitting our recommendations the IBVSOs are attempting to produce an honest assessment of need that is not subject to the politics of federal budget development and negotiations that inevitably have led to continuous funding deficits.

Our recommendations include funding for all discretionary programs for FY 2019 as well as advance appropriations recommendations for medical care accounts for FY 2020. The FY 2019 projections are particularly important because VA has been operating under a continuing resolution nearly halfway through FY 2018 without the additional resources necessary to meet all the requirements and initiatives of the Department. We hope that Congress will take this defined shortfall very seriously and appropriately address this need. Our own FY 2019 estimates affirm this need, which is based pending FY 2018 appropriations bills.

We hope that the House and Senate Committees on Veterans' Affairs as well as the Military Construction and Veterans' Affairs Appropriations Subcommittees will be guided by these estimates in making their decisions to ensure sufficient, timely, and predictable funding for VA.

VA Accounts for FY 2019 and FY 2020 Advance Appropriations

	FY 2018*	FY 2019	FY 2019*	FY 2020	FY 2020 IB
	Appropriation	Admin Revised	Independent Budget	Admin Request	Independent Budget
<u>Veterans Health Administration (VHA)</u>					
Medical Services	48,732,554	49,161,165	53,661,274	63,167,774	54,687,544
Medical Community Care	9,663,118	8,384,704	14,752,153	-	14,973,092
Choice Program**	2,100,000	1,900,000		-	
Subtotal Medical Services	60,495,672	59,445,869	68,413,427	63,167,774	69,660,636
Medical Support and Compliance	6,754,480	7,239,156	6,838,244	7,106,150	7,367,749
Medical Facilities	6,141,880	5,914,288	7,389,736	5,276,676	7,506,132
Subtotal Medical Care, Discretionary	73,392,032	72,599,313	82,641,407	75,550,600	84,534,517
<i>Medical Care Collections</i>	<i>3,254,968</i>	<i>3,443,133</i>		<i>3,580,999</i>	
Total, Medical Care Budget Authority (including Collections)	76,647,000	76,042,446	82,641,407	79,131,599	84,534,517
Medical and Prosthetic Research <i>Million Veteran Program</i>	722,262	727,369	758,000 65,000		
Total, Veterans Health Administration	77,369,262	76,769,815	83,464,407		
<u>General Operating Expenses (GOE)</u>					
Veterans Benefits Administration	2,910,000	2,868,909	3,103,711		
General Administration	329,891	367,629	354,639		
Board of Veterans Appeals	166,000	174,748	167,624		
Total, General Operating Expenses (GOE)	3,405,891	3,411,286	3,625,974		
<u>Departmental Admin and Misc. Programs</u>					
Information Technology <i>IT Modernization</i>	4,055,500	4,184,571 1,207,000	4,103,698 1,600,000		
National Cemetery Administration	306,193	315,836	310,811		
Office of Inspector General	164,000	172,054	167,811		
Total, Dept. Admin. and Misc. Programs	4,525,693	5,879,461	6,182,315		
<u>Construction Programs</u>					
Construction, Major	512,430	1,127,486	1,730,000		
Construction, Minor	342,570	706,889	761,000		
Grants for State Extended Care Facilities	110,000	150,000	200,000		
Grants for State Vets Cemeteries	45,000	45,000	51,000		
Total, Construction Programs	1,010,000	2,029,375	2,742,000		
Other Discretionary	180,215	202,196	184,000		
Total, Discretionary Budget Authority (Including Medical Collections)	86,491,061	88,292,133	96,198,696		

* Assumes funding levels in S. 1557, the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2018.

**Choice Program funding is currently scored as a mandatory cost for VA.

Veterans Health Administration

Total Medical Care

FY 2019 <i>IB</i> Recommendation	\$82.6 billion
FY 2019 Revised Administration Request	\$72.6 billion
<i>Medical Care Collections</i>	<i>\$3.44 billion</i>
Total	\$76.0 billion
FY 2018 Estimated Final Appropriation	\$71.5 billion
<i>Medical Care Collections</i>	<i>\$3.25 billion</i>
Total	\$74.7 billion

FY 2020 <i>IB</i> Advance Appropriations Recommendation	\$84.5 billion
FY 2020 Administration Advance Appropriations Request	\$75.6 billion
<i>Medical Care Collections</i>	<i>\$3.58 billion</i>
Total	\$79.1 billion

The IBVSOs have serious concerns about VA’s current funding level of FY 2018 based on the current continuing resolution funding the Department through the first half of the fiscal year largely based on the Administration’s request. Last year, however, the former Secretary of Veterans Affairs openly admitted that the FY 2018 advance appropriations request was significantly short. He also indicated that the new Administration and Congress would have to correct this shortfall. We are concerned that Congress has not corrected this problem with VA currently operating under a continuing resolution nearly been operating under a continuing resolution nearly halfway through FY 2018 without the additional resources necessary to meet all the requirements and initiatives of the Department.

If legislation is enacted, starting in FY 2019 VA will record community care obligations on the date of payment rather than the date of authorization. This change in the timing of obligations is estimated to result in a one-time availability of funds totaling \$1.8 billion. VA also identifies in its budget request \$1.9 billion in mandatory budget authority, which it requested in 2018 for the Choice program, to be carried forward into 2019. We are concerned the availability of such funds remains uncertain. If any amounts are not realized, VA must request and Congress must provide these needed resources.

In addition, VA’s budget request indicates that VA will begin to implement its proposal to consolidate and streamline its community care programs, known as the Veterans Coordinated Access and Rewarding Experiences (Veteran CARE). With Congress considering different legislative proposals, including expanded eligibility criteria and VA’s CARE plan, including several proposals that require congressional action, the direct impact on needed resources to execute this new program must be determined and addressed. Congress must provide the necessary resources to successfully implement any newly enacted community care legislation to ensure veterans receive high quality and timely medical care from VA, and when necessary in the community.

For FY 2019, the *IB* recommends approximately \$82.6 billion in total medical care funding. We are estimating Congress to appropriate \$74.7 billion FY 2018 (which includes an assumption of approximately \$3.3 billion in medical care collections). Additionally, *The Independent Budget*

recommends approximately \$84.5 billion for total Medical Care for FY 2020. This recommendation reflects the necessary adjustment to the baseline for all Medical Care program funding in the preceding fiscal years. Notably, the VA proposes to consolidate the Choice program and Medical Community Care into the Medical Services account for FY 2020.

Medical Services

Appropriations for FY 2019

FY 2019 <i>IB</i> Recommendation	\$53.6 billion
FY 2019 Revised Administration Request	\$49.2 billion
<i>Medical Care Collections</i>	3.44 billion
Subtotal	\$52.6 billion
FY 2018 Estimated Final Appropriation	\$46.8 billion
<i>Medical Care Collections</i>	\$3.25 billion
Subtotal	\$50.1 billion

For FY 2019, *The Independent Budget* recommends \$53.7 billion for Medical Services. This recommendation is a reflection of multiple components. These components include the following recommendations:

Current Services Estimate.....	\$50,794,232,000
Increase in Patient Workload.....	\$1,636,092,000
Additional Medical Care Program Cost.....	\$1,230,951,000
Total FY 2019 Medical Services.....	\$53,661,274,000

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. This estimate also assumes a 1.1 percent increase for pay and benefits across the board for all VA employees in FY 2019.

Our estimate of growth in patient workload is based on a projected increase of approximately 94,000 new unique patients. These patients include priority group 1–8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately \$1.6 billion.

The Independent Budget believes that there are additional projected medical program funding needs for VA. Those costs total over \$1.2 billion. Specifically, we believe there is real funding needed to address the array of long-term-care issues facing VA, including the shortfall in non-institutional services due to unremitting waitlist for home and community based services; to provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA’s Prosthetics and Sensory Aids Service); funding to expand and improve services for women veterans; funding to support the recently approved authority for reproductive services, to include in vitro fertilization (IVF); funding to allow VA to meet the costs for emergency care as dictated by the *Richard W. Staab v. Robert A. McDonald* ruling by the U.S. Court of Appeals for Veterans Claims, and; initial funding for implementation of extending comprehensive caregiver support services to severely ill and injured veterans of all eras.

Long-Term Services and Supports

The Independent Budget recommends a modest increase of \$82 million for FY 2019. This recommendation reflects a significant demand for veterans in need of Long Term Services and Supports (LTSS) in 2017 particularly for home- and community-based care, we estimate an increase in the number of veterans using the more costly long-stay and short-stay nursing home care. This increase in funding also reflects a rebalancing of available resources towards home- and community-based care which will likely yield a commensurate decrease in institutional spending as is being achieved by State with their balancing of spending initiatives.

Prosthetics and Sensory Aids

In order to meet the increase in demand for prosthetics, the *IB* recommends an additional \$320 million. This increase in prosthetics funding reflects a similar increase in expenditures from FY 2017 to FY 2018 and the expected continued growth in expenditures for FY 2019.

Women Veterans

The Medical Services appropriation should be supplemented with \$500 million designated for women's health care programs, in addition to those amounts already included in the FY 2018 baseline. These funds would allow the Veterans Health Administration (VHA) to hire and train an additional 1,000 women's health providers to meet increasing demand for health services based on the significant growth in the number of women veterans coming to VA for care.

Additional funds are needed to expand and repair VA facilities to meet environment of care standards and address identified privacy and safety issues for women patients. The new funds would also aid VHA in continuing its initiative for agency-wide cultural transformation to ensure women veterans are recognized for their military service and made to feel welcome at VA. Finally, additional resources are needed to evaluate and improve mental health and readjustment services for catastrophically injured or ill women veterans and wartime service-disabled women veterans, as well as targeted efforts to address higher suicide rates and homelessness among this population.

Reproductive Services (to Include IVF)

Congress authorized appropriations for the remainder of FY 2018 and FY 2019 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. The VA projects that this service will impact less than 500 veterans and their spouses in FY 2019. The VA also anticipates an expenditure of no more than \$20 million during that period. However, these services are not directly funded; therefore, the *IB* recommends approximately \$20 million to cover the cost of reproductive services in FY 2019.

Emergency Care

VA has issued regulations to begin paying for veterans who sought emergency care outside of the VA health care system based on the Staab court ruling by the U.S. Court of Appeals for Veterans Claims. The requested \$298 million increase in funding reflects the amounts VA has estimated will need to dispose of pending and future claims through FY 2019.

Extending Eligibility for Comprehensive Caregiver Supports

Included in this year’s *IB* budget recommendation is funding necessary to implement eligibility expansion of VA’s comprehensive caregiver support program to severely injured veterans of all eras. Funding level is based on the Congressional Budget Office estimate for preparing the program, including increased staffing and IT needs, and the beginning of the first phase as reflected in our \$11 million FY 2019 recommendation.

Medical Services

Advance Appropriations for FY 2020

FY 2020 <i>IB</i> Advance Appropriations Recommendation	\$54.7 billion
FY 2020 Administration Advance Appropriations Request	\$63.2 billion
<i>Medical Care Collections</i>	<i>\$3.58 billion</i>
Subtotal	\$66.7 billion

The Independent Budget once again offers baseline projections for funding through advance appropriations for the Medical Care accounts for FY 2020. While the enactment of advance appropriations for VA medical care in 2009 helped to improve the predictability of funding requested by the Administration and approved by Congress, we have become increasingly concerned that sufficient corrections have not been made in recent years to adjust for new, unexpected demand for care. As indicated previously, we have serious concerns that the previous Administration significantly underestimated its FY 2019 advance appropriations request with mounting requirements. This trend cannot be allowed to continue, particularly as Congress looks for ways to reduce discretionary spending, even when those reductions cannot be justified.

Moreover, VA has proposed to merge programs and resources from the Choice program and Medical Community Care into the Medical Services Account beginning FY 2020. For FY 2020, *The Independent Budget* recommends approximately \$75.7 billion for Medical Services, not including community care recommendation of \$10 billion. Our Medical Services level includes the following recommendations:

Current Services Estimate.....	\$51,541,538,000
Increase in Patient Workload.....	\$1,599,848,000
Additional Medical Care Program Cost.....	\$1,546,158,000
Total FY 2020 Medical Services.....	\$54,687,544,000

Our estimate of growth in patient workload is based on a projected increase of approximately 94,000 new patients. These new unique patients include priority group 1–8 veterans and covered nonveterans. We estimate the cost of these new patients to be approximately \$1.6 billion. This recommendation also reflects an assumption that more veterans will be accessing the system as

VA expands its capacity and services, and we believe that reliance rates will increase as veterans examine their health care options as a part of the Choice program.

As previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA. In order to meet the increase in demand for prosthetics, the *IB* recommends an additional \$326 million, reflecting the ever-growing cost of more advanced prosthetics being prescribed for seriously disabled veterans. We believe that VA should invest a minimum of \$509 million as an advance appropriation in FY 2020 to expand and improve access to women veterans' health care programs. Our additional program cost recommendation includes continued investment of over \$20 million to support extension of the authority to provide reproductive services to the most catastrophically disabled veterans and VA's cost burden of \$309 million for emergency care claims dictated by the Staab ruling. Finally, the FY 2020 recommendation includes an increase of \$298 million to provide comprehensive support and services to caregivers of veterans severely injured before September 11, 2001.

Medical Community Care

FY 2019 <i>IB</i> Recommendation	\$14.8 billion
FY 2019 Revised Administration Request	\$8.38 billion
FY 2018 Estimated Final Appropriation	\$9.67 billion
Choice Program	\$2.10 billion
Subtotal	\$11.8 billion
FY 2020 <i>IB</i> Advance Appropriations Recommendation	\$15.0 billion
FY 2020 Administration Advance Appropriations Request	\$0.00 billion

For Medical Community Care, *The Independent Budget* recommends \$14.8 billion for FY 2019 and \$15 billion for FY 2020. Our recommended increase includes the growth in current services to include current obligations under the Choice program. The Choice program is a temporary program with mandatory funding provided under an emergency designation. VA received an infusion of \$2.1 billion in December 2017 after it notified Congress program resources could be depleted as early as January 2018. While increasing access to community care, the Choice program has in turn increased veterans reliance on VA medical care.

We also believe funding VA programs for community care with a discretionary and mandatory account creates unnecessary waste and inefficiency. *The Independent Budget* has advocated for moving all funding authorities for the Choice program (and other community care programs) into the discretionary accounts of the VA managed under the Medical and Community Care account.

Medical Support and Compliance

FY 2019 <i>IB</i> Recommendation	\$6.84 billion
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FY 2019 Revised Administration Request	\$7.24 billion
FY 2018 Estimated Final Appropriation	\$6.75 billion

FY 2020 <i>IB</i> Advance Appropriations Recommendation	\$7.37 billion
FY 2020 Administration Advance Appropriations Request	\$7.11 billion

For Medical Support and Compliance, *The Independent Budget* recommends \$6.8 billion for FY 2019. Our projected increase reflects growth in current services based on the impact of inflation on the FY 2018 appropriated level. Additionally, for FY 2020 *The Independent Budget* recommends \$7.3 billion for Medical Support and Compliance. This amount also reflects an increase in current services from the FY 2019 advance level.

Medical Facilities

FY 2019 <i>IB</i> Recommendation	\$7.39 billion
FY 2019 Revised Administration Request	\$5.94 billion
FY 2018 Estimated Final Appropriation	\$6.14 billion

FY 2020 <i>IB</i> Advance Appropriations Recommendation	\$7.51 billion
FY 2020 Administration Advance Appropriations Request	\$5.28 billion

For Medical Facilities, *The Independent Budget* recommends \$7.3 billion for FY 2019, which includes a \$1.2 billion for Non-Recurring Maintenance (NRM). The NRM program is VA’s primary means of addressing its most pressing infrastructure needs as identified by Facility Condition Assessments (FCA). These assessments are performed at each facility every three years, and highlight a building’s most pressing and mission critical repair and maintenance needs. VA’s request for FY 2019 includes \$1.4 billion for NRM funding. While the Department has actually spent on average approximately \$1.5 billion yearly for NRM, we are concerned its FY 2019 request includes diverting funds programmed for other purposes—\$210.7 million from Medical Support and Compliance and \$39.3 million from the Medical Services/Medical Community Care accounts.

For FY 2020, *The Independent Budget* recommends approximately \$7.5 billion for Medical Facilities. Last year the Administration’s recommendation for NRM reflected a projection that would place the long-term viability of the health care system in serious jeopardy. This deficit must be addressed in light of its \$600 million request for FY 2020.

Medical and Prosthetic Research

FY 2019 <i>IB</i> Recommendation	\$758 million
<i>Million Veteran Program</i>	\$65 million

Total IB Medical and Prosthetic Research	\$823 million
FY 2019 Administration Request	\$727 million
FY 2018 Estimated Final Appropriation	\$722 million

The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. The research program is an important tool in VA’s recruitment and retention of health care professionals and clinician-scientists to serve our nation’s veterans. By fostering a spirit of research and innovation within the VA medical care system, the VA research program ensures that our veterans are provided state-of-the-art medical care.

Investing Taxpayers’ Dollars Wisely

Despite documented success of VA investigators across many fields, the amount of appropriated funding for VA research since FY 2010 has lagged far behind annual biomedical research inflation rates, resulting in a net loss over these years of nearly 10 percent of the program’s overall purchasing power. As estimated by the Department of Commerce, Bureau of Economic Analysis, and the National Institutes of Health, for VA research to maintain current service levels, the Medical and Prosthetic Research appropriation should be increased in FY 2019 to go beyond simply keeping pace with inflation to make up for how long the continuing resolution funding level for FY 2018 has been in effect.

Numerous meritorious proposals for new VA research cannot be funded without an infusion of additional funding for this vital program. Research awards decline as a function of budgetary stagnation, so VA may resort to terminating ongoing research projects or not funding new ones, and thereby lose the value of these scientists’ work, as well as their clinical presence in VA health care. When denied research funding, many of them simply choose to leave the VA.

Emerging Research Needs

In addition to covering uncontrollable inflation, the IBVSOs believe Congress should expand research on emerging conditions prevalent among newer veterans, as well as continuing VA’s inquiries in chronic conditions of aging veterans from previous wartime periods. For example, additional funding will help VA support areas that remain critically underfunded, including:

- Post-deployment mental health concerns such as PTSD, depression, anxiety, and suicide in the veteran population;
- The gender-specific health care needs of the VA’s growing population of women veterans;
- New engineering and technological methods to improve the lives of veterans with prosthetic systems that replace lost limbs or activate paralyzed nerves, muscles, and limbs;
- Studies dedicated to understanding chronic multi-symptom illnesses among Gulf War veterans and the long-term health effects of potentially hazardous substances to which they may have been exposed; and

- Innovative health services strategies, such as telehealth and self-directed care, that lead to accessible, high-quality, cost-effective care for all veterans.
- Leverage the only known integrated and comprehensive caregiver support program in the U.S. to help inform policy makers and other health systems looking to support informal caregivers.

Million Veteran Program

The VA Research program is uniquely positioned to advance genomic medicine through the “Million Veteran Program” (MVP), an effort that seeks to collect genetic samples and general health information from 1 million veterans over the next five years. When completed, the MVP will constitute one of the largest genetic repositories in existence, offering tremendous potential to study the health of veterans. To date, more than 620,000 veterans have enrolled in MVP far exceeding the enrollment numbers of any single VA study or research program in the past, and is in fact one of the largest research cohorts of its kind in the world.. The VA estimates it currently costs around \$75 to sequence each veteran’s blood sample. Accordingly, the IBVSOs recommend \$65 million to enable VA to begin processing the MVP samples collected. Congress must begin a targeted investment to go beyond basic, surface level genetic information and perform deeper sequencing to begin reaping the benefits of this program.

General Operating Expenses (GOE)

Veterans Benefits Administration

FY 2019 IB Recommendation	\$3.10 billion
FY 2019 Administration Request	\$2.87 billion
FY 2018 Estimated Final Appropriation	\$2.91 billion

The Veterans Benefits Administration (VBA) account is comprised of six primary divisions. These include Compensation; Pension; Education; Vocational Rehabilitation and Employment (VR&E); Housing; and Insurance. The increases recommended for these accounts primarily reflect current services estimates with the impact of inflation representing the grounds for the increase. However, two of the subaccounts—Compensation and VR&E—also reflect modest increases in requested staffing to meet the rising demand for those benefits and backlogs of pending workload.

The *IB* recommends approximately \$3.104 billion for the VBA for FY 2019, an increase of approximately \$194 million over the estimated FY 2018 appropriations level. Our recommendation includes approximately \$92 million in additional funds in the Compensation account above current services, and approximately \$18 million more in the VR&E account above current services to provide for new full-time equivalent employees (FTEE).

Compensation Service Personnel	900 New FTEEs	\$92.4 million
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In recent years VBA has made significant progress in reducing the claims backlog, which was over 610,000 claims in March 2013. Today, the claims backlog is roughly 79,000 claims, a decrease of 87 percent from its peak, and a decrease of about 18,000 claims compared to one year prior. VA defines a backlogged disability claim as one pending over 125 days. Overall, the total pending claims workload decreased from about 390,000 in January 2017 to just over 320,000 claims today, a decrease of 18 percent in the past year. During that time, the average days to complete a claim dropped from 119 days last year to 103 days this January.

However, the trends on accuracy have gone the other direction. In January 2015, the 12-month issue-level accuracy was approximately 96 percent; today it is down to about 94.5 percent, though it has leveled off over the past eight months. The 12-month claim-based accuracy measurement has dropped from approximately 91 percent in January 2015 to less than 85 percent today. While it is critical to continue reducing the backlog and the time it takes to complete a claim, VBA must refocus on completing claims accurately the first time.

In addition, VBA has a backlog of non-rating related claims, such as for dependency status changes, that must also be addressed in a timely manner. While continued advancements in the functionality of e-Benefits and other IT systems have allowed veterans and their representatives to directly make dependency changes more quickly, this non-rating related workload is too often given low priority status in Regional Offices. VBA must provide the resources and attention necessary to consistently complete this work in a timely manner.

It is also critical that VBA have sufficient funding for IT development and maintenance. In particular, VBA must devote additional resources to stakeholder IT enhancements in order to allow VSOs to more efficiently submit and review claims they represent. This will not only provide better service to veterans, it will also reduce some of the burden and workload that would otherwise fall on VBA personnel.

Another major driver of VBA workload is appeals processing. There were approximately 470,000 pending appeals of claims decisions at various stages between VBA and the Board of Veterans Appeals (Board), with approximately 350,000 requiring further processing at VBA Regional Offices.

Last year, Congress approved the Veteran Appeals Improvement and Modernization Act (P.L. 115-55) in order to help streamline the appeals process and provide better, timelier decisions for veterans. In November, VBA began early implementation of the law through the Rapid Appeals Modernization Program (RAMP) pilot that invites veterans with pending appeals to opt into the new system through either the Higher Level Review or Supplemental Claim option. RAMP may have the effect of redirecting some workload from the Board back to VBA; however, once implemented, the new law will also eliminate many of the current appeal processes that take place at the Agency of Original Jurisdiction (AOJ), such as Statements of Case, and Form 9 Certification.

Over the past several years, VA has requested, and Congress has provided, additional funding to increase staffing at VBA to address the claims backlog. However, there have not been commensurate increases in funding to address the backlog of appeals pending inside VBA.

For FY 2019, the IBVSOs recommend an additional 900 FTEE for VBA. Of those, 500 should be allocated to the Compensation Service to address the pending and future appeals workload; another 350 should be allocated to address the growing backlog of non-rating related work, such as dependency claims; and 50 should be allocated to the fiduciary program to address increased workload in recent years, particularly related to veterans participating in VA's Caregiver Support programs. A July 2015 VA Inspector General report on the fiduciary program found, "...Field Examiner staffing did not keep pace with the growth in the beneficiary population, [and] VBA did not staff the hubs according to their staffing plan...." Last year the IBVSOs recommended 100 additional FTEE to address this problem; however, since VBA reallocated an additional 51 FTEE to the fiduciary program this year, the IBVSOs have reduced our recommendation to 50 new FTEE for FY 2019.

Finally, as the Veterans Appeals Improvement and Modernization Act of 2017 continues to be fully implemented, including RAMP, VBA must develop more accurate workload, production and staffing models in order to accurately forecast future VBA resource requirements.

VR&E Service Personnel

143 New FTEEs

\$18 million

The Vocational Rehabilitation and Employment Service (VR&E), also known as the VetSuccess program, provides critical counseling and other adjunct services necessary to enable service disabled veterans to overcome barriers as they prepare for, find, and maintain gainful employment. VetSuccess offers services on five tracks: re-employment, rapid access to employment, self-employment, employment through long-term services, and independent living.

An extension for the delivery of VR&E assistance at a key transition point for veterans is the VetSuccess on Campus (VSOC) program deployed at 94 college campuses. Additional VR&E services are provided at 71 select military installations for active duty service members undergoing medical separations through the Department of Defense and VA's joint Integrated Disability Evaluation System (IDES).

Over the past four years, program participation has increased by an estimated 16.8 percent, while VR&E staffing has risen just 1.8 percent. VA projects program participation will increase another 3.1 percent in FY 2019, and it is critical that sufficient resources are provided not only to meet this rising workload, but also to expand capacity to meet the full, unconstrained demand for VR&E services.

In 2016, Congress enacted legislation (P.L. 114-223) that included a provision recognizing the need to provide a sufficient client-to-counselor ratio to appropriately align veteran demand for VR&E services. Section 254 of that law authorizes the Secretary to use appropriated funds to ensure the ratio of veterans to Vocational Rehabilitation Counselors (VRC) does not exceed 125 veterans to one full-time employment equivalent. Unfortunately, for the past three years, VA has requested no new personnel for VR&E to reach this ratio.

In order to achieve the 1:125 counselor-to-client ratio established by Congress, the IBVSOs estimate that VR&E will need another 143 FTEE in FY 2019 for a total workforce of 1,585, to

manage an active caseload and provide support services to almost 150,000 VR&E participants. At a minimum, three-quarters, of the new hires should be VRCs dedicated to providing direct services to veterans.

General Administration

FY 2019 <i>IB</i> Recommendation	\$355 million
FY 2019 Administration Request	\$368 million
FY 2018 Estimated Final Appropriation	\$330 million

The General Administration account is comprised of 10 primary divisions. These include the Office of the Secretary; the Office of the General Counsel; the Office of Management; the Office of Human Resources and Administration; the Office of Enterprise Integration; the Office of Operations, Security and Preparedness; the Office of Public Affairs; the Office of Congressional and Legislative Affairs; and the Office of Acquisition, Logistics, and Construction; and the Veterans Experience Office (VEO). This marks the first year that the VEO has been included in the divisions of General Administration. Additionally, a number of the divisions reflect changes to the structure and responsibilities of those divisions. For FY 2019, the *IB* recommends approximately \$355 million, an increase of more than \$25 million over the FY 2018 estimated level. This increase primarily reflects an increase in current services based on the impact of uncontrollable inflation across all of the General Administration accounts.

Board of Veterans' Appeals

FY 2019 <i>IB</i> Recommendation	\$168 million
FY 2019 Administration Request	\$175 million
FY 2018 Estimated Final Appropriation	\$166 million

With the enactment of the Veterans Appeals Improvement and Modernization Act (P.L. 115-55), the Board in 2018 will be developing and implementing the new appeals system scheduled to begin in February 2019. Once fully implemented, the Board will operate five separate dockets concurrently, which will require new training and new IT functionality to manage this workload. The Board has presented its implementation plans to Congress and must adhere to the timelines laid out in order to finalize new regulations and prepare its workforce. In addition, sufficient IT resources must be provided to the Board to complete development of new workload management tools.

Once the new appeals system is stood up in 2019, overall workload coming into the Board is expected to begin leveling off, or perhaps begin to decrease, as veterans take advantage of the expanded options to resolve appeals at the AOJ level. Thus, it is too early to project whether the Board will require more or less resources in its future state.

For FY 2018, the Board is projecting that it will produce 81,000 decisions, the highest total in the Board's history, though there will still remain a significant backlog of appeals in the pipeline. VA's budget submission for FY 2018 requested funding to increase FTEE levels to 1,050,

continuing staffing increases in recent years to expand capacity and allow the Board to address both the backlog of legacy appeals and the transition to the new appeals system.

For FY 2019, the IBVSOs do not recommend any additional staffing increases at the Board; however, it is critical that the Board complete the hiring and training of new personnel as rapidly as possible. Further, it will be critical for VA and Congress to carefully and regularly monitor workload, timeliness, quality and other metrics to ensure that the Board is and remains appropriately staffed in the future.

Departmental Administration and Miscellaneous Programs

Information Technology

FY 2019 <i>IB</i> Recommendation	\$4.10 billion
<i>IT Modernization</i>	<i>\$1.60 billion</i>
Total	\$5.70 billion
FY 2019 Administration Request	\$4.18 billion
<i>IT Modernization</i>	<i>\$1.21 billion</i>
Total	\$5.39 billion
FY 2018 Estimated Final Appropriation	\$4.06 billion

In contrast to significant department-level IT failures, the Veterans Health Administration (VHA) over more than 30 years successfully developed, tested, and implemented a world-class comprehensive, integrated electronic health record (EHR) system. The current version of this EHR system, based on the VHA's self-developed VistA public domain software, sets the standard for EHR systems in the United States and was a trailblazer for years. However, parts of VistA require either modernization or replacement. For example, one of its component parts, the outdated scheduling module, contributed to VA's recent access to care crisis. According to VA, this module is being replaced on an expedited basis.

For FY 2019, the IBVSOs recommend approximately \$4.1 billion for the administration of the VA's IT program. While this recommendation includes no new funding above the planned current services level, we remind Congress of the need to sustain VistA for an estimated 7-10 years after initial operating capabilities is attained at initial sites for IT Modernization proposed by VA. Significant resources have already been invested in VA's IT programs in recent years, and we believe proper allocation of existing resources can allow VA to fulfill its missions while modernizing its systems.

Moreover, Public Law 115-48, the Forever GI Bill, authorized \$30 million in FY 2018 and FY 2019 to carry out IT changes and improvements to facilitate timely adjudication of GI Bill applications. IT improvements are vital to the proper implementation of the Forever GI Bill, and the *IB* recommends Congress appropriates the previously authorized \$30 million.

Electronic Health Care Record Modernization.

In testimony before the House Appropriations Subcommittee on Military Construction, Veterans'

Affairs, and Related Agency, VA Secretary David J. Shulkin reported the decision to adopt the same electronic health care record as the Department of Defense will cost VA approximately \$16 billion over the next 10 years. In the same hearing Secretary Shulkin indicated VA would transfer \$782 million from both the Office of Information and Technology (OI&T) and Medical Care accounts to fund efforts related to the EHR modernization.

VA's FY 2019 budget requests includes establishing a Veterans Electronic Health Record account and has reserved \$782 million of FY 2108 funds to transfer in this new account. In addition, VA is requesting \$1.2 billion in resources to modernize its EHR system. The IBVSOs believe such funds must be appropriated by Congress specifically for the EHR modernization instead of defunding other programs and priorities. To ensure VA properly uses its IT funds, the IBVSOs urge Congress to establish and monitor a separate appropriations account for VA's EHR modernization. The IBVSO's recommend Congress appropriate \$1.6 billion for VA's EHR modernization account in FY 2019.

National Cemetery Administration

FY 2019 <i>IB</i> Recommendation	\$311 million
FY 2019 Administration Request	\$316 million
FY 2018 Estimated Final Appropriation	\$306 million

The National Cemetery Administration (NCA), which receives funding from eight appropriations accounts, administers numerous activities to meet the burial needs of our nation's veterans.

In a strategic effort to offer all veterans burial options within 75 miles of their home, the NCA continues to expand and improve the national cemetery system, by adding new and/or expanded national cemeteries. Due to a continued increase in demand for burial space which is not expected to peak until 2022, NCA must continue to expand national cemeteries and provide more burial options for veterans. This much needed expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments and will simultaneously increase the overall number of graves being maintained by the NCA to 3.7 million in 2018 and 4 million by 2021.

The IBVSOs strongly believe that VA national cemeteries must honor the service and fully supports NCA's National Shrine initiative which ensures our nation's veterans have a final resting place deserving of their sacrifice to our nation. The IBVSOs also support NCA's Veterans Legacy Program, which helps educate America's youth of the history of national cemeteries and the veterans they honor.

In order to minimize the dual negative impacts of increasing interments and limited veteran burial space, the NCA needs to:

- Continue developing new national cemeteries;
- Maximize burial options within existing national cemeteries;
- Strongly encourage the development of state veteran cemeteries; and

- Increase burial options for veterans in highly rural areas.

Budgetary Resources for NCA Programs

With the above considerations in mind, *The Independent Budget* recommends \$311 million for FY 2019 for the Operations & Maintenance of the NCA.

Office of the Inspector General

FY 2019 <i>IB</i> Recommendation	\$168 million
FY 2019 Administration Request	\$172 million
FY 2018 Estimated Final Appropriation	\$164 million

We believe that the work requirements assigned to the Office of Inspector General (OIG) have placed it under great stress and potentially stretched it beyond its capacity. That being said, the IBVSOs believe that the office does not warrant a staffing increase at this time. In light of the substantial increase the OIG received in FY2016, the *IB* recommends funding of approximately \$168 million, based on current services for FY2019.

Construction Programs

Major Construction

FY 2019 <i>IB</i> Recommendation	\$1.73 billion
FY 2019 Administration Request	\$1.13 billion
FY 2018 Estimated Final Appropriation	\$0.51 billion

Each year VA outlines its current and future major construction needs in its annual Strategic Capital Investment Planning (SCIP) process. In its FY 2018 budget submission, VA projected it would take between \$55 billion and \$67 billion to close all current and projected gaps in access, utilization and safety, including activation costs. Currently, VA has 21 major active major construction projects, which have been partially funded or funded through completion.

In its FY 2018 Budget Request, VA requested and Congress intends to appropriate a significant reduction in funding for major construction projects — between \$410 million and \$512 million. While these funds would allow VA to begin construction on key projects, many other previously funded sites still lack the funding for completion. One of these projects was originally funded in FY 2007, while others were funded more than five years ago but no funds have been spent on the projects to date. Of the 21 projects on VA’s partially funded VHA construction list, eight are seismic in nature. Seismic projects are critical to ensuring VA’s facilities do not expose veterans to additional risks during an earthquake or other seismic events.

It is time for the projects that have been in limbo for years, or that present a safety risk to veterans and employees, be put on a course to completion within the next five years. To accomplish this goal, the IBVSOs recommend that Congress appropriate \$1.73 billion for FY

2019 to fund either the next phase or fund through completion all existing projects, and begin advance planning and design development on six major construction projects that are the highest ranked on VA’s priority list.

The IBVSOs also recommend, as outlined in its Framework for Veterans Health Care Reform, that VA realign its SCIP process to include public-private partnerships and sharing agreements for all major construction projects to ensure future major construction needs are met in the most financially sound manner.

Research Infrastructure

State-of-the-art research requires state-of-the-art technology, equipment and facilities. For decades, VA construction and maintenance appropriations have not provided the resources VA needed to maintain, upgrade or replace its aging research laboratories and associated facilities. The average age of VA’s research facilities is more than 50 years old, and those conditions are substandard for state of the art research.

The IBVSOs believe that Congress must ensure VA has the resources it needs to continue world class research that improves the lives of veterans and helps recruit and retain high-quality health care professionals to work at VA. To do so, Congress must designate funds to improve specific VA research facilities in FY 2019 and in subsequent years. In order to begin to address these known deficits, the IBVSOs recommend Congress approve at least \$50 million for up to five major construction projects in VA research facilities.

Minor Construction

FY 2019 <i>IB</i> Recommendation	\$761 million
FY 2019 Administration Request	\$706 million
FY 2018 Estimated Final Appropriation	\$343 million

In FY 2018, VA requested \$372 million for minor construction projects. Currently, approximately 900 minor construction projects need funding to close all current and future year gaps within the next 10 years. To complete all of these current and projected projects, VA will need to invest between \$6.7 and \$8.2 billion over the next decade.

To ensure that VA funding keeps pace with all current and future minor construction needs, the IBVSOs recommend that Congress appropriate an additional \$761 million for minor construction projects. It is important to invest heavily in minor construction because these types of projects can be completed faster than other capital infrastructure projects, and have a more immediate impact on services for veterans.

Grants for State Extended-Care Facilities

(State Home Construction Grants)

FY 2019 <i>IB</i> Recommendation	\$200 million
FY 2019 Administration Request	\$150 million
FY 2018 Estimated Final Appropriation	\$110 million

Grants for state extend-care facilities, commonly known as state home construction grants, are a critical element of federal support for state veterans’ homes. The state veterans’ home program is a very successful federal-state partnership in which VA and states share the cost of constructing and operating nursing homes and domiciliaries for America’s veterans. State homes provide more than 30,000 nursing home and domiciliary beds for veterans, their spouses and gold-star parents of deceased veterans. Overall, state homes provide more than half of VA’s long-term-care workload, but receive less than 22 percent of VA’s long-term-care budget. VA’s basic per diem payment for skilled nursing care in state homes is significantly less than comparable costs for operating VA’s own long-term-care facilities. This basic per diem paid to state homes covers approximately 30 percent of the cost of care, with states responsible for the balance, utilizing both state funding and other sources.

States construction grants help build, renovate, repair, and expand both nursing homes and domiciliaries, with states required to provide 35 percent of the cost for these projects in matching funding. VA maintains a prioritized list of construction projects proposed by state homes based on specific criteria, with life and safety threats in the highest priority group. Only those projects that already have state matching funds are included in VA’s Priority List Group 1 projects, which are eligible for funding. Those that have not yet received assurances of state matching funding are put on the list among Priority Groups 2 through 7.

With almost \$1 billion in state home projects still in the pipeline, the IBVSOs recommend \$200 million for the state home construction grant program to address a portion of the projects expected to be on the FY 2019 VA Priority Group 1 List when it is released this year.

Grants for State Veterans Cemeteries

FY 2019 <i>IB</i> Recommendation	\$51 million
FY 2019 Administration Request	\$45 million
FY 2018 Estimated Final Appropriation	\$45 million

The State Cemetery Grant Program allows states to expand veteran burial options by raising half the funds needed to build and begin operation of state veterans cemeteries. NCA provides the remaining funding for construction and operational funds, as well as cemetery design assistance. Funding additional projects in FY 2019 in tribal, rural and urban areas will provide burial options for more veterans and complement VA’s system of national cemeteries. To fund these projects, Congress must appropriate \$51 million.



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